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AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE • U. S. D. A. • WASHINGTON, D. C. AOD-74 FEBRUARY 1961

Moderately larger meat output this year than last is in prospect. Mainly responsible are increases in 1960 cattle inventories plus an expected uptrend in hog production.

The number of cattle and calves on farms January 1 was 97.1 million head, up 1 percent from a year earlier. The increase of 900,000 head during 1960 lifted the cattle inventory this January to a record high, 1/2 million above the previous high of 1955. Beef cattle accounted for the entire gain.

The larger inventories are expected to result in moderately increased marketings in 1961.

EGGS - Egg prices improved in late January and early February following declines from December through mid-January. In mid-February, wholesale prices in New York and Chicago were 12 to 15 cents per dozen above the depressed levels of a year earlier. The mid-January U. S. average price to farmers was 38.6 cents a dozen, 9 cents above last year but 5.5 cents below the month before.

Higher egg prices than a year earlier are mainly the result of smaller egg production, caused by reduction in the size of the laying flock and the cold weather. Although production is likely to continue below 1960 levels until about mid-year, it is rising seasonally.

POULTRY - Broiler production in 1961 is expected to exceed the 1.8 billion birds of 1960. Recent chick hatchings for broiler output are running above a year ago. So is the buildup in the number of breeder hens.

Broiler prices in mid-January were 16.5 cents per pound--up 0.7 cents from the previous month but down by the same amount from the previous year. Prices in many producing areas moved sharply upward to mid-February.

FARM INCOME - Realized net farm income in 1960 rose an estimated 3 percent from 1959.

Volume of marketings was at a record high. A 3 percent increase in marketings accounted for about 2 percent larger cash receipts even though combined prices for all commodities were about 1 percent lower.

Production expenses in 1960 rose slightly from a year earlier.

In early 1961, marketings and cash receipts continued above a year ago. During January, cash receipts were about a tenth above a year ago, reflecting a greater overall volume of marketings as well as improved prices for soybeans, hogs, eggs, and apples.

DAIRY - Milk production in 1961 is likely to exceed the 1960 total of 122.9 billion pounds. Contributing to the prospective rise is the steady uptrend in output per cow.

Prices to farmers for milk of manufacturing grade averaged \$3.26 per hundredweight in 1960, up 2.8 percent from 1959. The increase was largely due to a strong demand for milk for making American cheddar cheese.

WHEAT - In early February, cash wheat prices at terminal markets were at or near their highs for the marketing year to date. Since that time, they have dropped as a result of increased marketings from free supplies. However, in mid-February prices for dominant classes and grades were still up from the seasons lows.

FATS AND OILS - Chicago prices of No. 1 Yellow soybeans have risen sharply, averaging \$2.70 per bushel in mid-February--55 cents above a year ago. While most of the seasonal rise probably has occurred, prices should remain relatively firm throughout spring, averaging well above last year.

Since last fall, soybean and cottonseed oil prices have been well above year-ago levels, and are expected to rise further during the rest of the marketing year. Outlook for higher edible oil prices stems from: (1) A new high in domestic consumption; (2) Record exports, partly stimulated by record shipments abroad under government-financed programs.

As part of the President's Food for Peace program, USDA will make available in 1961 up to 100 million pounds of refined vegetable oils for needy persons overseas. This is the first time since 1956, when CCC stocks were exhausted, that vegetable oils have been made available for foreign donation.

FEED - Feed consumption so far this marketing year has been heavy. Total disappearance of feed grains probably will set a record for the entire feeding year because of prospective increases in hog and poultry output in 1961 and continued liberal feeding of livestock on farms.

Total stocks of feed grains on January 1 increased to 183 million tons, 8 percent more than a year earlier. Even after allowing for the heavier disappearance, carryover into 1961-62 of the 4 feed grains is expected to top the 75 million tons of the previous year by 8 to 10 million.

TOBACCO - Prices for the 1960 crops of flue-cured and burley tobaccos averaged 3 1/2 and 6 1/2 percent, respectively, above 1959. For most kinds of tobacco, 1961 acreage allotments are the same as in 1960, but for burley they are increased 6 percent.



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